

## Message Text

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PAGE 01 GENEVA 07586 201600Z

51

ACTION EB-07

INFO OCT-01 EUR-12 IO-10 ISO-00 L-02 FRB-01 OMB-01 TAR-01

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CIEP-01 CEA-01 AF-04 ARA-06 EA-06 NEA-06 SS-15 NSC-05

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TAGS: EGEN ETRD UNCTAD

SUBJECT: UNCTAD - COMMODITIES WORK

REF: PARIS 29944; GENEVA 7310

SUMMARY: UNCTAD SECRETARIAT PROPOSES NEW INTEGRATED COMMODITY PROGRAM FEATURING INTERNATIONAL STOCKS FINANCED BY COMMON FUND FOR BROAD RANGE OF COMMODITIES. END SUMMARY.

1. UNCTAD SECRETARIAT HAS NOW CIRCULATED KEY DOCUMENT FOR CONSIDERATION AT FEBRUARY COMMODITIES COMMITTEE MEETING ENILED "AN INTEGRATED PROGRAM FOR COMMODITIES" (TD/B/C.1/166). PROGRAM IS DESCRIBED AS AN ATTEMPT TO MOVE URGENTLY FROM FIELD OF CONSULTATION TO FIELD OF NEGOTIATION. HEART OF NEW PROPOSED PROGRAM  
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PAGE 02 GENEVA 07586 201600Z

IS ESTABLISHMENT OF INTERNATIONAL STOCKS OF RANGE OF COMMODITIES

(EIGHTEEN OR SO) ON SCALE LARGE ENOUGH TO ENSURE ADEQUATE SUPPLIES AT ALL TIMES FOR IMPORTING COUNTRIES AND TO PROVIDE POSSIBILITIES OF MARKET INTERVENTION TO PREVENT EXCESSIVE MOVEMENT OF PRICES UPWARD OR DOWNWARD. PAPER ARGUES THAT CURRENT WORLD SHORTAGES OF CEREALS AND SUGAR HAVE UNDERLINED FACT THAT NATIONAL ACTION, FAR LESS PRIVATE COMMERCIAL ACTION, CANNOT BE RELIED UPON TO ENSURE ADEQUATE PRICES AND SECURITY OF SUPPLY FOR BASIC FOOD COMMODITIES, SHORTAGES OF WHICH CAN CAUSE HARDSHIP, SUFFERING OR DEATH FOR MILLIONS OF PEOPLE. ACCORDINGLY, INTERNATIONAL STOCKS SHOULD BE ESTABLISHED AS MATTER OF URGENCY FOR WHEAT, COARSE GRAINS, RICE, SUGAR AND CERTAIN VEGETABLE OIL SEEDS AND OILS. STOCKPILING OPERATION WOULD BE FINANCED BY COMMON FUND OF APPROXIMATELY \$11 BILLION (OF WHICH \$ BILLION FOR GRAINS) TO BE FINANCED BY CONSUMING COUNTRIES, PRODUCING COUNTRIES, INTERNATIONAL ORGANIZATIONS AND OTHER SOURCES (OIL EXPORTERS); LATTER AT LEAST ON NON-CONCESSIONAL BASIS. BASIC REPORT, WHICH IS TO BE SUPPLEMENTED BY FIVE ANNEXES, SAYS LITTLE ABOUT WHAT PRICE LEVELS WOULD BE SELECTED FOR BUYING OR SELLING INTERVENTIONS AND HOW DECISIONS ON PRICE RANGES WOULD BE REACHED. BASIC CRITERION IS DESCRIBED AS "PRICE STABILITY AT LEVELS THAT ARE ADEQUATE FOR PRODUCERS AND EQUITABLE TO CONSUMERS." REPORT ALSO RECOGNIZES THAT SCHEME SHOULD OPERATE IN WAY TO NOT IMPEDE BUT RATHER ENCOURAGE DIVERSIFICATION, STRUCTURAL CHANGE AND EFFICIENT ALLOCATION OF RESOURCES. SYSTEM WOULD INVOLVE WHAT REPORT CALLS "MULTILATERAL COMMITMENTS" ON INDIVIDUAL COMMODITIES, BUT WHICH ARE DESCRIBED MORE IN TERMS OF BEST ESTIMATES OF PRODUCTION AND CONSUMPTION, WHICH IF NOT FULFILLED WOULD PROVIDE BASIS FOR INTERVENTION BY COMMON FUND TO BUY OR SELL STOCKS.

2. "INTEGRATED PROGRAM" ALSO WOULD INVOLVE IMPROVED COMPENSATORY ARRANGEMENTS, MEASURES TO INCREASE PROCESSING OF RAW MATERIALS IN PRODUCING COUNTRY, AND RECOGNITION OF CONSTRUCTIVE ROLE OF CO-OPERATIVE ACTION BY PRODUCING COUNTRIES (BUT RECOGNIZING THAT INTERNATIONAL ACTION ON COMMODITIES SHOULD TAKE DUE ACCOUNT OF THE INTERESTS OF BOTH EXPORTING AND IMPORTING COUNTRIES.).

3. IT IS CLEAR SECRETARIAT CONSIDERS ITS PROPOSALS FOR INTEGRATED PROGRAM WILL BE KEY ISSUE AT COMMODITIES COMMITTEE MEETING, AND THAT COMMODITIES WILL BE PRIORITY TOPIC AT UNCTAD IV IN LIMITED OFFICIAL USE

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PAGE 03 GENEVA 07586 201600Z

NAIROBI IN 1976. SUGGEST WASHINGTON GIVE CAREFUL CONSIDERATION IN PROPOSALS IN TD/B/C.1/166 (ALREADY POUCHED) AND ANNEXES WHICH WILL FOLLOW TO SEE IF THEY CAN BE SHAPED IN WAY THAT WOULD BE CONSISTENT OUR VIEWS ON DEALING WITH PROBLEMS OF FOOD STOCKPILING, SUPPLY ACCESS, RE-CYCLING OF PERO-DOLLARS AND LDC ASSISTANCE. ABRAMS

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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** COMMODITIES, INVESTMENT PROGRAMS  
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**Draft Date:** 20 DEC 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** CunninFX  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
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